

ARTICLE APPEARED  
ON PAGE **30**

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# A Tax-Supported Endowment for Mischief

By HANK BROWN

Suppose some people wanted to start a club that would pay for their trips abroad, enable them to hobnob with foreign leaders, support political movements of their own persuasion, and—though using public funds—be able to conceal their records and not be subject to direct audit. Suppose also that since they wanted to get Congress to give them \$31.3 million to pay for all this, they gave their group a high-sounding name like the "National Endowment for Democracy."

Next, this group would give their "endowment" such a lofty purpose—like promoting democracy around the world—that nobody would dare scrutinize just how they proposed to go about doing this. And they would make sure that funds from the endowment went to powerful organizations representing business, labor and politicians—so everyone had part of the pie. If anyone objected, he would be reminded of the noble purposes of the endowment.

This is just what has happened. A private organization called the National Endowment for Democracy was given \$18 million by Congress this year and has asked for \$31.3 million for next year.

Unfortunately, while it probably will succeed in paying for a lot of foreign travel, NED is unlikely to do much for democracy. Look at how it works:

*The endowment duplicates already existing exchange programs and information efforts.* These include projects by the U.S. Information Agency, the Agency for International Development and the State Department. Many of these involve private groups meeting with their foreign counterparts. What NED fails to duplicate is the care with which those projects are evaluated, monitored and audited. NED simply passes out huge sums of money to anointed organizations without specific projects being detailed for Congress. This year \$11 million was given to the AFL-CIO, \$1.7 million to the U.S. Chamber of Commerce and \$1.5 million to each of the two major U.S. political parties. After these funds were divvied up, \$1.9 million was left for projects that would be awarded competitively on their merits.

*NED provides backdoor funding for the two political parties.* With the recent exception of presidential campaign financing, we have had a tradition in this country of making sure that public funds are not used for partisan purposes. Moreover, it is unclear if the two parties will be able to exercise proper oversight of the two party institutes set up to spend their share of the endowment money. While the institutes use the names "Democratic" and "Republican," neither has been authorized or approved by the governing bodies of the two

parties. As they currently stand, the institutes appear to be little more than personal entities organized by the two party chairmen and four other individuals associated with the parties. No provision is made for the directors of the institutes to be replaced when they leave their party posts—raising the danger that the institutes could become autonomous, self-perpetuating vehicles.

*There is no direct monitoring or required audit of the use of NED funds by Congress or any government agency.* It is NED, not the groups receiving the funds, that must be audited annually. This makes it difficult to track the use of NED funds and makes it possible for them to be used as a "slush fund."

*NED is exempt from the "open records" law.* Agencies such as USIA and AID that fund exchange programs are subject to the Freedom of Information Act. This act gives every citizen the right to examine nonsecret records of government agencies. Exempt from this act, NED can operate under a cloak of secrecy.

*NED undermines the credibility of private groups working abroad without government subsidy.* The efforts of private groups working abroad may be helpful in establishing citizen-to-citizen relationships. The success of these efforts depends on their private and voluntary nature. People in other countries are often suspicious of outreach efforts funded by the U.S. government. They are afraid they are being manipulated by the Central Intelligence Agency or some other covert operation. Trying to launder government funds through NED will only increase their suspicions.

*The unaccountability of funds given to NED-favored groups invites wasteful spending for pet projects and foreign junkets.* Every organization has officers and contributors who would enjoy traveling abroad. A possible clue to the future travel plans of NED-funded organizations is provided by the June 15-22 schedule of activities paid for by the Chamber of Commerce's endowment money: meetings in Stockholm, Brussels, Geneva and Paris.

*NED is a "loose cannon" in international politics.* Giving pots of money to private groups to run their own foreign policies invites trouble. No consultation with the State Department or observers on the scene is required. Nothing prevents them from working at cross purposes with our personnel abroad or even with each other. Because of their government funding, any mistakes will be blamed on the U.S. The best way to lose friends abroad is to set up international political action committees to meddle in their internal affairs.

*Endowment money already has been*

*misused.* NED money was used to pay campaign workers to hold a rally and other events on behalf of Nicolas Ardito Barletta, a candidate in Panama's recent presidential election. Mr. Ardito, the military-backed candidate, won by 1,713 votes in a fraud-ridden election over Arnulfo Arias, who has twice been elected president only to be deposed by the military. This is a strange way to promote free elections—by interfering in them.

As soon as he became aware of this misuse of endowment funds, the U.S. ambassador to Panama wired the State Department, noting that the U.S. had tried hard to stay out of Panama's domestic politics and would be severely embarrassed by this interference. The ambassador's cable concluded: "Embassy requests this harebrained project be abandoned before it hits the fan." If NED can get into this kind of mischief after only a few months, what can be next?

The U.S. government should receive neither the credit nor the blame for the activities of any NED-sponsored groups. Government-sponsored activities should be accountable, audited, open and coordinated with other government agencies. There is no point to the endowment's charade that pretends that private groups are not government-sponsored and combines the vices of both with the virtues of neither.

On May 31, the House voted to delete all of next year's funding for the National Endowment for Democracy. I hope that the Senate will do likewise when it votes on the endowment's future this week. There must be a better way to promote democracy than trying to manipulate foreign elections and paying for trips to European capitals.

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